

## Message Text

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ACTION EA-09

INFO OCT-01 ISO-00 OMB-01 TRSE-00 EB-07 COME-00 AID-05

CIAE-00 DODE-00 PM-04 H-02 INR-07 L-03 NSAE-00 NSC-05

PA-01 PRS-01 SP-02 SS-15 USIA-06 CIEP-01 STR-04 IO-13

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R 010933Z DEC 76

FM AMEMBASSY SINGAPORE

TO SECSTATE WASHDC 6662

INFO AMEMBASSY BANGKOK

AMEMBASSY JAKARTA

AMEMBASSY KUALA LUMPUR

AMEMBASSY MANILA

CONFIDENTIAL SINGAPORE 5433

E.O. 11652: GDS

TAGS: PFOR, PLOS, SN, ID

SUBJ: NOVEMBER 29 VISIT OF INDONESIAN PRESIDENT SUHARTO TO  
SINGAPORE

REF: SINGAPORE 5404

SUMMARY. IT IS UNLIKELY THAT ANY BREAKTHROUGHS ON SUBSTANTIVE  
ISSUES WERE RECORDED BY PRESIDENT SUHARTO AND PRIME MINISTER  
LEE DURING THE FORMER'S SEEMINGLY SUCCESSFUL PRIVATE VISIT TO  
SINGAPORE ON NOVEMBER 29. SUHARTO'S VISIT IN ITSELF IS TESTIMONY  
TO THE GENERALLY GOOD STATE OF SINGAPORE-INDONESIAN RELATIONS,  
NOTWITHSTANDING A NUMBER OF OUTSTANDING VEXATIOUS ISSUES,  
AND SHOULD HAVE SERVED TO FURTHER CEMENT THESE TIES. END  
SUMMARY.

1. PRESIDENT SUHARTO WAS WARMLY RECEIVED BY GOS DURING HIS  
BRIEF VISIT, VARIOUSLY TERMED PRIVATE OR INFORMAL, TO SINGAPORE.  
SHORTLY AFTER ARRIVAL HE PAID THE REQUISITE COURTESY CALL  
ON PRESIDENT SHEARES AND SUBSEQUENTLY HE MET WITH PRIME MINISTER  
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LEE FOR A LENGTHY, "FRANK AND FRIENDLY", ONE-ON-ONE CONVER-

SATION. MEANWHILE, SUHARTO'S TRAVELING COMPANIONS GOT TOGETHER WITH THEIR SINGAPORE COUNTERPARTS, INCLUDING FINANCE MINISTER HON SUI SEN AND MINISTER OF STATE (MFA) LEE KHOON CHOY, A FORMER AMBASSADOR TO INDONESIA. EMBASSY HOPES TO OBTAIN ADDITIONAL INFO ON SUHARTO'S VISIT FROM MFA AND OTHER SOURCES.

2. OF THE PROMINENT COVERAGE GIVEN THE VISIT IN THE GOVERNMENT-INFLUENCED NEWS MEDIA, A NOVEMBER 29 STRAITS TIMES (ST) EDITORIAL STANDS OUT. MOREOVER, JUXTAPOSED TO THE GOS STATEMENT ISSUED AT THE CONCLUSION OF SUHARTO VISIT (REFTEL), THE AREAS OF CONGRUENCE AS WELL AS THOSE OF DIVERGENCE ARE NOTEWORTHY. PROBABLY INFLUENCED BY MFA, THE EDITORIAL REMARKED THAT BILATERAL RELATIONS HAD IMPROVED "IMMEASURABLY" AND THAT THE TWO LEADERS COULD TALK "WITH CANDOR AND WITHOUT FLUFF". BOWING IN INDONESIA'S DIRECTION AS THE SENIOR PARTNER IN ASEAN, THE EDITORIAL VOICED HOPE THAT SUHARTO AND LEE COULD DEVISE A WAY FOR MOVING AHEAD ON THE ECONOMIC FRONT IN A PRACTICAL WAY, BOTH BILATERALLY AND IN ASEAN. WITH DUE REFERENCE TO SINGAPORE'S POSITION AS A MAJOR INVESTOR IN INDONESIA, THE ST HAS RECENTLY GIVEN CONSIDERABLE PUBLICITY TO THE NEW DEVELOPMENT PHASE APPARENTLY IN PROGRESS ON BATAM ISLAND AND THE POTENTIAL ROLE FOR SINGAPORE FIRMS IN THAT ENDEAVOR.

3. WHILE THE ST EDITORIAL EXTENDED A PERFUNCTORY OLIVE BRANCH TO THE INDOCHINESE STATES, THE GOS STATEMENT ESCHEWED ANY SPECIFIC REFERENCE TO INDOCHINA.

4. THE EDITORIAL FURTHER URGED THE TWO COUNTRIES TO TAKE ADVANTAGE OF GOOD BILATERAL RELATIONS "TO BUILD ON THOSE TRADITIONAL AREAS WHERE WE HAVE HAD CLOSE COOPERATION" AND "TO TRY TO ELIMINATE, OR AT LEAST CONTAIN PROBLEMS WHICH STILL CAUSE FRICTION BETWEEN THE TWO COUNTRIES". HOWEVER, THE EDITORIAL ACKNOWLEDGED THAT EVEN A "SENSITIVE APPRECIATION OF EACH OTHER'S THINKING" WOULD AFFORD "LITTLE POSSIBILITY FOR A MEETING OF THE MINDS" ON SOME MATTERS. THE LOS DISPUTE, WHICH HAS DEGENERATED INTO A QUARREL CONCERNING THE MODALITIES OF RECOGNIZING "EXISTING RIGHTS", WAS SPECIFICALLY CITED IN THIS CONNECTION. ANOTHER MATTER -- NOT CITED IN THE EDITORIAL -- WHICH FALLS INTO THE SAME PROBLEM CATEGORY, IS THE NEGOTIATION OF A BILATERAL EXTRADITION TREATY, WHICH ENTAILS AN ON-GOING DISPUTE REGARDING THE DEFICIT

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NITION AND COVERAGE OF "ECONOMIC CRIMES".

5. OF MORE THAN PASSING INTEREST IS THE BILATERAL AGREEMENT, REFERRED TO IN PARA 7 OF THE GOS STATEMENT, THAT ASEAN SHOULD MAKE A JOINT APPROACH TO THE U.S. TO OBTAIN FAVORABLE TAX TREATMENT FOR INVESTMENTS IN ASEAN COUNTRIES (COMMENT. IT WILL BE INTERESTING TO SEE IF THIS INITIATIVE WILL OBTAIN THE SUPPORT OF THE OTHER ASEAN COUNTRIES AND, IF SO, THE CHANNEL THEY WILL

EMPLOY TO APPROACH US. WE BELIEVE THAT IT WAS LEE WHO RAISED THIS SUBJECT AND THAT IT MAY HAVE HAD ITS GENESIS IN A MID-OCTOBER APPROACH BY RESIDENT AMERICAN BUSINESSMEN TO THE GOS' ECONOMIC ACTIVATION COMMITTEE).

6. COMMENT. CLEARLY, THE GOS WENT TO SOME LENGTHS TO PLAY THE ROLE OF A GRACIOUS HOST. MOREOVER, THE MEDIA PRESENTED THE VISITOR IN A POSITIVE LIGHT, BOLSTERING MODERATELY EXTENSIVE NARRATIVE ACCOUNTS WITH SEVERAL PHOTOGRAPHS. SUBSTANTIVE PRESS COVERAGE WAS BASED PRIMARILY ON THE GOS STATEMENT. CONSIDERING THE TENOR OF THAT DOCUMENT AND THE FREQUENT INVOCATION OF SUHARTO'S NAME, WE FEEL CONFIDENT THAT THE UNILATERAL GOS RELEASE WAS CLEARED BY THE INDONESIANS PRIOR TO THEIR DEPARTURE.

7. ALTHOUGH A CONSIDERED APPRAISAL OF SUHARTO'S VISIT MUST AWAIT THE RECEIPT OF ADDITIONAL INFORMATION, THE VERY FACT THAT THE INDONESIAN PRESIDENT ACCEPTED LEE'S INVITATION TO VISIT SINGAPORE -- AFTER THE GOS ABSTENTION ON THE UN VOTE ON TIMOR -- REFLECTS THE GENERALLY GOOD STATE OF GOI-GOS RELATIONS. THE "IMMEASURABLE" IMPROVEMENT IN BILATERAL TIES REFERRED TO IN THE ST EDITORIAL, THEREFORE, MAY BE SOMEWHAT OF AN EXAGGERATION BUT IT APPEARS TO REFLECT AN OBJECTIVE APPRAISAL OF THE GOS WHICH, IN ANY EVENT, IS NOT GIVEN TO HYPERBOLE. WE WOULD, NEVERTHELESS, BE SURPRISED IF MAJOR PROGRESS HAS BEEN ACHIEVED BY THE TWO LEADERS IN AREAS OF DISPUTE. THESE ISSUES ARE NOT LIKELY TO BE EASILY OR QUICKLY RESOLVED BUT THERE AT LEAST SEEMS TO BE AGREEMENT THAT SUCH MATTERS WILL NOT BE PERMITTED TO POISON THE OVERALL RELATIONSHIP.

8. WITH REGARD TO MOVING AHEAD IN THE AREA OF ECONOMIC COOPERATION, BILATERALLY AND WITHIN ASEAN, ONLY TIME WILL TELL WHETHER THE UP-BEAT TONE OF THE GOS STATEMENT WILL BE TRANSLATED INTO ACTION. BILATERALLY, SEVERAL OF THE SPECIFIC PROJECTS AND PLANS

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ANNOUNCED IN THE GOS STATEMENT ARE NOT NEW, AND APPEAR TO HAVE BEEN INSERTED IN ORDER THAT THE STATEMENT MIGHT CONSIST OF MORE THAN "FLUFF". IN THIS CONNECTION, WE NOTE REUTERS ITEM IN DEC. 1 ST, DATEDLINE JAKARTA, THAT REVEALS ALLEGED GOS AGREEMENT "TO DISCLOSE TRADE FIGURES WITH INDONESIA TO HELP JAKARTA CURTAIL SMUGGLING ACTIVITIES BETWEEN THE TWO COUNTRIES". EMBASSY RECALLS THAT LEE-SUHARTO TALKS IN LATE 1974 REPORTEDLY PRODUCED SIMILAR ACCORD. IF SO, IT DOES NOT APPEAR TO HAVE BEEN TRANSLATED INTO ACTION AND WE WOULD BE SKEPTICAL THAT ANY NEW "ACCORD" WOULD FARE BETTER.

9. THE NICE SOUNDING WORDS ON PUSHING AHEAD WITH ECONOMIC CO-OPERATION IN ASEAN CONTEXT, MIRROR GOS' LONG-STANDING IMPATIENCE WITH SLOW MOVEMENT ON EVEN THE VERY LIMITED STEPS NOW ENVISAGED. THESE EXPRESSIONS ALSO REPRESENT LEE'S FEELING THAT ASEAN SHOULD

COME UP WITH SOMETHING TANGIBLE IN THIS AREA BY TIME ANNIVERSARY  
OF BALI SUMMIT ROLLS AROUND. HOLDRIDGE

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## Message Attributes

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